

Message Text

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TO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: BEXP, HK

SUBJECT: MAJOR PROJECT: SUBWAY

REF: A/HONG KONG'S 7225, B/HONG KONG 6067, C/STATE'S 59778

1. REPORT ON PREQUALIFICATION SITUATION MOST USEFUL. COPIES REF A HAVE BEEN DISSEMINATED TO PULLMAN, WESTINGHOUSE, WABCO, BROWN AND ROOT, RAYMOND, GRS, AND OTIS. APPEARANCE BROWN AND ROOT AND RAYMOND ON CONSTRUCTION SHORTLISTS SURPRISING SINCE TELEPHONE CONVERSATIONS WITH EXECUTIVES BOTH COMPANIES EARLIER THIS YEAR INDICATED THEY WERE NOT INTERESTED IN PROJECT. BROWN AND ROOT RESPONSE WAS REPORTED REF C. OTHER SURPRISE WAS LACK JAPANESE PRESENCE ON LIST FOR E.1, TRANSIT CARS. ASSUME JAPANESE CONSORTIUM H.M.T. PROBABLY COVERING CAR OPPORTUNITY.

2. ON SUBJECT CARS AND OTHER EQUIPMENT, PREVIEW ISSUE OF NEW PUBLICATION, "INTERNATIONAL CONSTRUCTION WEEK", "ENGINEERING NEWS-RECORD'S NEWSLETTER OF CONSTRUCTION, PLANNING, FINANCE AND DESIGN", DATED JUNE 9, STATES:
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"HONG KONG-SUBWAY EQUIPMENT FINANCE BY JAPAN IS THE

OBJECTIVE OF REPRESENTATIVES OF THE HONG KONG GOVERNMENT
AND SUBWAY AUTHORITIES VISITING JAPAN LATE THIS MONTH.

THEY SEEK A 396 MILLION DOLLAR LONG-TERM CREDIT TO FINANCE
SUBWAY EQUIPMENT PURCHASES...OBSERVERS PREDICT DIFFICULT
NEGOTIATIONS OVER CREDIT TERMS BECAUSE HONG KONG SAID TO
BE SEEKING 10 TO 12-YEAR REPAYMENT TERMS AFTER A 3-YEAR
DEFERMENT, WHILE JAPANESE GOVERNMENT CREDITS USUALLY HAVE
A MAXIMUM 10-YEAR TERM INCLUDING DEFERMENTS." ASSUME THIS
REPORT (WHICH BEING POUCHED FYI) REFER TO STORY TRANSMITTED
IN REF B. REGARDLESS OF ENGINEERING NEWS-RECORD'S INFO,
JAPANESE HAVE BEEN KNOWN TO MAKE ACCOMODATIONS ON CREDIT
TERMS IN ORDER OBTAIN EXPORT BUSINESS OF MAGNITUDE PRE-
SENTED BY HONG KONG SUBWAY.

3. DICK GRIFFIN HAS INFORMED US THAT PULLMAN-STANDARD
VERY INTERESTED IN TRANSIT CAR CONTRACT AND FIRM'S PRESI-
DENT, ELWYN AHNQUIST, PLANNING VISIT HONG KONG IN NEXT FEW
MONTHS FOR MEETINGS WITH THOMPSON AND OTHER DECISION
MAKERS. CONGEN WILL BE INFORMED OF ITINERARY AS SOON AS
IT BECOMES AVAILABLE. INGERSOLL

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